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Know thy shopper: customer demographics
Housewares: conflicting consumer signals

Chain Store Age

GENERAL MERCHANDISE TRENDS

APRIL 1986

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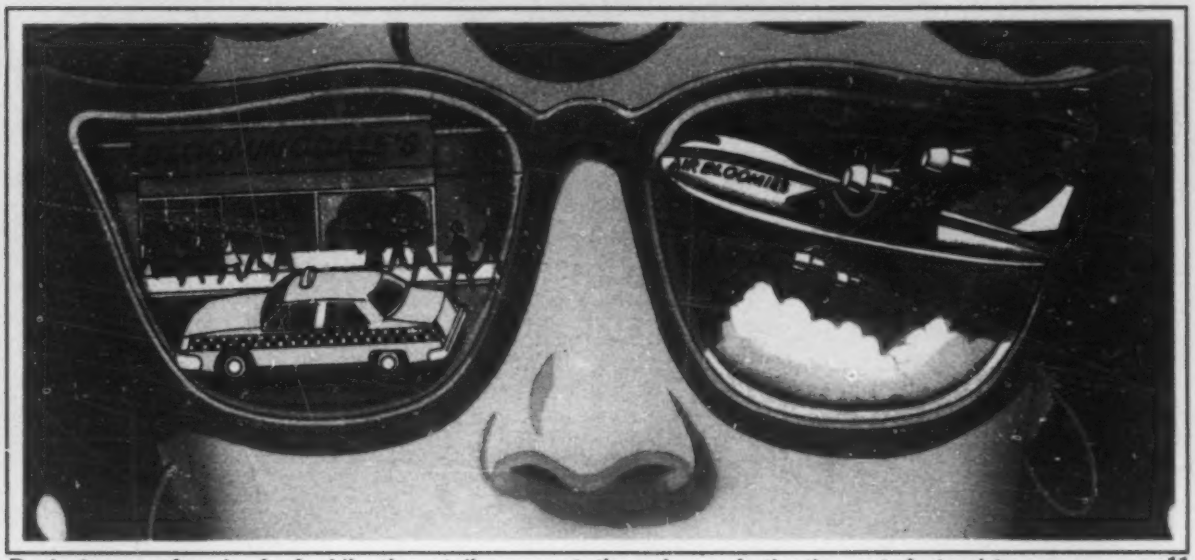

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that it was "highly profitable."

Likewise, Harrods judged its "Come to London" strategy a success because of shopper interviews seen on television.

Some chains, including Rich's, believe that out-of-town demand has already been satiated through the opening of branch stores. That is even the feeling at Cohoes, an Albany off-pricer that was an early pioneer of the current busing boom. "We stopped the buses from areas where we now have branches," explains spokesman Judith Barnes. But no store can be in every town. Community groups in locales not yet blessed with Cohoes still charter buses for a trip to their nearest branch, and Cohoes staff still helps them do it.

Not every retailer can compete with Niagara Falls, of course. Even Professor Shock, designer of the Georgia shopping-tourism study, thinks a travel program will work best in a convention or resort area. Shock believes that travelers—particularly female travelers—shop because of the "nesting instinct," wanting to pick things up and bring them home.

Berg of Rich's is not convinced that the selection extends beyond travel curios. "They certainly don't buy home furnishings," she says of the average tourist. Yet Vi Levkoff of New York Knowhow, a customized tour company, notes, "We've had some good shoppers buy things for the home. Foreigners love our cotton domestic goods."

Everyone is, justly enough, concerned about targeting upscale shoppers. But if tour operators have managed to do it by combing convention schedules, so can retailers. And an air/shopping package might naturally sort the upscale out. For retailers hunting market share, there may be pie in the sky. □

Dept. store shopper not distinctive

As discount stores upscale and department stores get more promotional, customer loyalty is fading.

There was a time when department stores considered their target customers so distinctive that they were given women's names to serve as a kind of verbal shorthand for a variety of demographic characteristics.

Regardless of which store did the naming or what name she was called, the target department store customer always shared a number of similarities. Invariably, she was young (usually between 25- and 40-years-old), fashion forward, better educated than the norm and enjoyed a higher family income.

Some department stores still give their target customer a particular female name and think her uniquely different from the customer at the discount store or from the shopper at Sears or J. C. Penney down the street. The only problem is that the once distinctive department store customer is a thing of the past.

According to the *Chain Store Age*/Leo J. Shapiro & Associates five-market study, the demographic profile for the department store shopper is distinctive only in its similarity to those of discount outlets or of Sears, Penney and Ward customers.

In fact, where differences do occur in the study, it is discount stores which are doing a slightly better job at attracting younger women shoppers with higher incomes from white collar, two-income families with children (see chart).

The reality of the current retailing landscape, according to the study, is that shoppers who once bought only at department stores are now shopping every class of retailer. Conversely, the discount store shopper is now also a department store customer.

As discount stores the likes of Target and Bradlees have continued efforts to upscale, and as more department stores have accepted lower margins to generate higher volume, distinctions among merchandise, price and, as the study shows, customer bases have blurred.

Two classes of retailing, however, still nearly exclusively attract the former department store customer base: off-pricers and specialty apparel outlets. The off-price customer and the specialty apparel shoppers are the best educated, the wealthiest and the youngest in the study (see chart). □

Who shops where: No longer a distinctive department store customer

	Mean income	Mean number in household	Mean age	Women	Men	One income family	Two or more income family	Presence of children	White collar	Blue collar	College grad
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Those shopped in last year at . . .											
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Sears	28,900	3.11	40.2	58	42	34	51	46	52	27	30
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J. C. Penney	28,900	3.13	40.1	60	40	34	53	47	55	26	29
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K mart	27,900	3.16	40.2	60	40	36	49	47	49	29	25
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Specialty apparel	31,600	3.09	36.5	62	38	34	58	43	65	22	42
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Factory outlet	30,600	3.23	36.6	58	42	31	60	48	57	28	34

Source: *Chain Store Age*/Leo J. Shapiro & Associates

IT'S A QUESTION OF PERCEPTION

Many retailers think that presentation and assortment are what a consumer values. According to a special *CSA* report, what he really wants is the best value for his dollar.

When it comes to running specialty stores, everybody wants to be Charles Lazarus. The Federated Group's chairman/ceo Wilfred Schwartz has called the Toys "R" Us chairman his most admired retailer. Radio Shack president Bernard Appel counts him as a friend.

Lazarus' stature among electronics specialty retailers is well deserved. While Toys "R" Us has captured a commanding market share (last year it sold about 1 in 5 toys in the U.S.), none of the electronic specialists has yet turned in a similar performance. Even the largest—Radio Shack—took a relatively modest 8% share last year.

Still, the specialists—especially the superstores—are trying to mimc both Lazarus' merchandising philosophy and, they hope, his success. "The three most important things in retailing," says The Federated Group's Schwartz, sounding very much like Lazarus, "are presentation, presentation and presentation."

Yet a recent *Chain Store Age* consumer survey calls into question how crucial are dominance in presentation and broad assortment in the psychological game of convincing customers to shop specific outlets for home electronics.

Instead, the study suggests that convenience of location, the number of stores in a market and the advertising clout which comes with an increased store number are more important in capturing customers.

The conclusions are based upon 1,011 random telephone interviews conducted by Leo J. Shapiro & Associates in December 1985. Approximately 200 interviews in each of five markets—Houston, Boston, St. Louis, Miami and Denver—comprise the core of the study.

Not a single Texan surveyed named The Federated Group for best service.

The poll is a companion to a February 1985 telephone survey of 1,008 consumers in the Atlanta, Chicago, Dallas, Philadelphia and Los Angeles markets.

Despite the hoopla surrounding electronics specialty stores, consumers in the *CSA* survey rate department stores on an equal footing with the specialists in home electronics. When asked which retailer provides the best value for home electronics, 19.9% of respondents choose a department store, while an exactly equal number choose an electronics specialty outlet (see chart).

For department stores, the rating represents a modest increase in customer approval from the 15.1% rating they received in the earlier poll. For the specialists, however, their ranking is a dramatic drop from the 30.7% who chose them in the survey only 10 months earlier.

Sears' value rating also dropped in the near year between polling. Its rating dropped marginally from 16.8% in the original survey to 13.7% in the current poll. Both J. C. Penney and Montgomery Ward stayed relatively even with 3.1% and 2.5%, respectively.

Discount stores as a group posted gains, rising from 7.5% to 10.4%, as did catalog showrooms, lifting their original 2.5% to 6.7% in the latest survey.

Changes in whom consumers cite as providing the best value for home

electronics is paying off in market share. According to separate *CSA* MarkeTrends polling, for 9 out of 12 key consumer electronics products, proportionately fewer customers picked the specialists as the place to shop in 1985 than they did the year before.

In contrast, department stores picked up market share increase for 9 of the same 12 categories, as did discount stores. Catalog showrooms recorded gains for six products in the poll.

According to the five market consumer study, Radio Shack is the only specialist which consistently receives high customer approval as the best value retailer for home electronics. In Denver, Radio Shack ranks first. In the Boston, Miami and Houston markets it ranks third (see chart).

With nearly 6,000 stores nationally, Radio Shack is turning its multiple locations and $200 million in advertising clout into both consumer value perceptions and $2.7 billion in sales. Similarly, Sears, with 800 locations and national advertising is turning those attributes into a first place electronics value rating in Miami and second place finishes in the other four markets studied.

However, the news for Sears is not all good. In the poll conducted 10 months earlier, the ratailing giant placed first in the Chicago, Dallas, Philadelphia and Los Angeles markets, while ranking a close second in Atlanta.

The other winners in the current study are local department stores (Famous-Barr in St. Louis, Burdines in Miami and Foley's in Houston), two discount stores (K mart in St. Louis and Target in Denver) and hard lines specialist Lechmere in Boston.

Myths shattered: Perhaps more interesting than who consumers chose as the best value retailers are those which respondents in the current poll either did not mention at all or mentioned with less than expected frequency.

Though The Federated Group made a much publicized splash into the Houston market, not a single consumer in the Texas survey named the electronics superstore as providing the best value. Similarly, only 7 out of 203 polled in the Denver market named electronics and major appliance superstore operator Silo.

Superstore operators have claimed that they could operate fewer stores in a market at less pricey locations. Certainly, Circuit City's stellar first year performance in Atlanta is proof that the strategy can work.

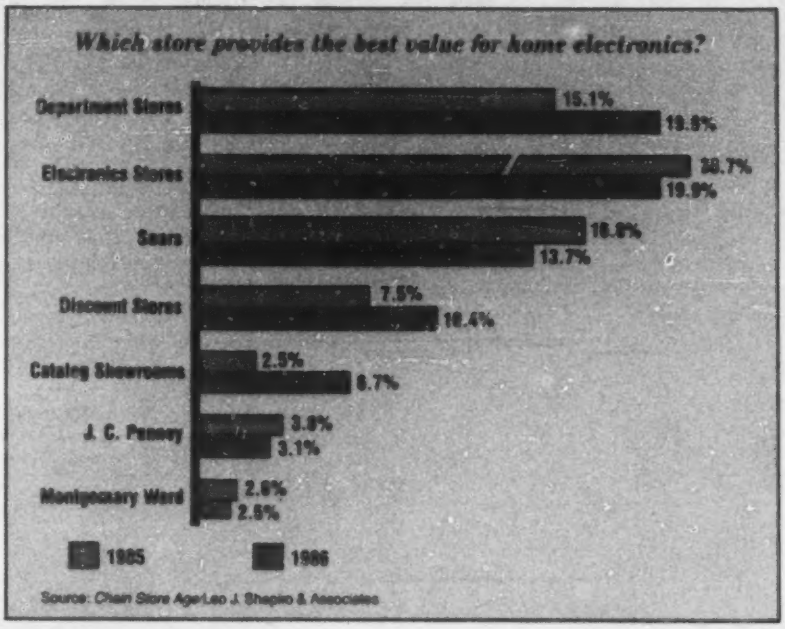
But the lackluster rating consumers give The Federated Group in Houston and Silo in Denver raises the question as to whether or not this philosophy will prove universally true.

In the earlier poll, The Federated Group scored well in Los Angeles, but that is a market where the retailer has a long history. Highland Appliance also scored well in the earlier Dallas poll, but that rating came on the heels of what was reported to be an expensive effort by the Michigan-based retailer to establish market share.

On the other hand, the basic strength of department stores in electronics retailing is borne out by Macy's performance in both Miami and Houston. With only one store in Miami and three in Houston, Macy's still manages to garner a 3.5% ranking in the less competitive Florida market and a 2% rating in Texas.

Notable for their lukewarm—or downright cold—consumer response in the current study are the warehouse clubs. Though many have feared that warehouse clubs would seriously distort the electronics retailing environment, the consumer poll shows that the wholesalers have not yet made as serious impact on electronics customer perceptions as on the small electric housewares shopper.

In the Denver market, home base for Pace, the warehouse club does not receive a single mention as the best retail provider of value for home electronics. In Houston, Wal-Mart's Sam's Wholesale Club fares only marginally better with 0.5% of those interviewed citing the deep discount operation for providing the best value in consumer electronic goods. □



Customers pick the best value electronics retailers

Boston	
Lechmere	25.3%
Sears	12.1
Radio Shack	8.6
Miami	
Sears	17.8
Burdines	13.9
Radio Shack	8.4
Houston	
Foley's	15.3
Sears	14.4
Radio Shack	10.9
St. Louis	
Famous-Barr	16.5
Sears	13.6
K mart	7.8
Denver	
Radio Shack	11.3
Sears	10.8
Target	10.3

Source: Chain Store Age/Leo J. Shapiro & Associates

CE market share war looms closer

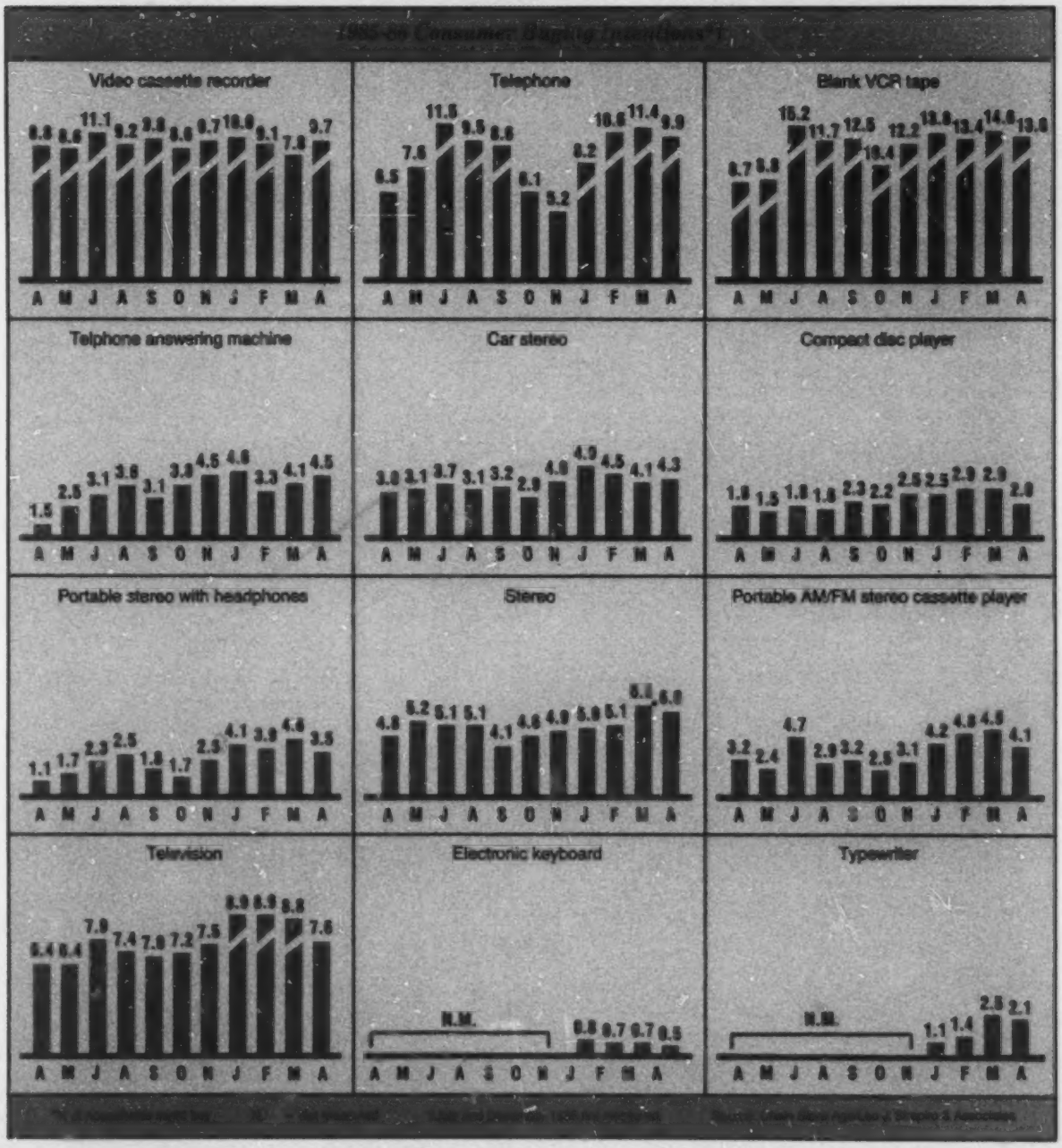
This year's consumer electronics industry is being billed by some as the year of "The Great Market Share War." *Chain Store Age* MarkeTrends research confirms that consumer interest in home electronics products may by lagging.

Although all 10 of the products studied in both the current poll and in the April 1985 survey are recording higher levels of consumer intent to buy, unlike previous years, not one of the products in the study is on a clear upward growth path.

The possible major exceptions are compact disc players and home stereo systems. Both categories record drops in the current poll, but it is still too early to determine whether the declines are real or are only short term statistical blips.

The only other possible exception is telephone answering devices, but no one is predicting TADs will pick up the slack.

Yet, on the other hand, no product category is clearly on the decline, giving further credence to the market share war theorists. Without a real upsurge in consumer buying, the industry's increased number of players will have to fight for a larger share of a more slowly growing market. □



Keyboard promotion hits sour note

***Surveyed consumers expect to pay** a median $300 for electronic keyboards.*

General merchandise chains are carving out a healthy share of the emerging market for electronic keyboards, but at what price? According to MarkeTrends research, retailers may be promoting prices earlier in the marketing cycle than is necessary.

The latest poll reveals that general merchandise chains have taken a commanding share of the market. Sears, Penney and Ward sold 20.8% of keyboards in the last year, according to the study. Discount stores combined to sell another 17%, with K mart alone capturing a 9.4% share. Full line department stores grabbed 11.3% of the market.

But in an effort to pull electronic keyboards into the mass market early in their selling cycle, the general merchandise chains may be unnecessarily sacrificing margins.

Consumers in the MarkeTrends sample say they expect to pay a median $300 for an electronic keyboard. Yet those who actually did buy in the last year report paying only a median $200.

Similarly, price is the determining factor in choosing where to shop for only 29.7% of those who expect to buy a keyboard, compared to 72% of those who have bought. Both selection and quality are more important to the prospective buyer than they are to those who already have bought (see chart).

Among vendors, Casio was the consumer's clear choice, with fully 40% of those who bought an electronic keyboard within the last year reporting they bought the Casiotone brand name. □

Why would you buy an electronic keyboard at a specific store?

	Those who might buy	Those who have bought
Price/discount	29.7%	72.0%
Selection	21.6	2.0
Quality	16.2	10.0
Reputation	8.1	4.0
Location	8.1	10.0
Past experience	5.4	4.0
Family works there	2.7	N.M.
Service	2.7	N.M.

May not total 100% due to multiple or no responses
N.M. = No mention
Source: *Chain Store Age*/Leo J. Shapiro & Associates

B&W to color television market

Two categories of televisions, both relegated to the technological and fashion backwaters, are making a charge against the tide. Black-and-white TVs, after suffering dramatic sales declines last year, are poised for modest growth this year. So are consoles.

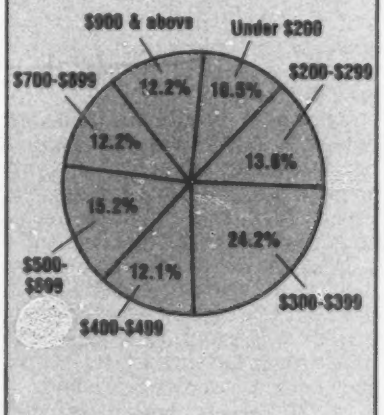
Though color receivers are still the choice of more than 9 out of 10 consumers in MarkeTrends polling, monochrome TVs are posting a comeback. In the most recent survey, 7.1% of those who bought a television in the last year report buying a black-and-white set. This compares to the 3.6% who had bought a monochrome receiver in the June 1985 MarkeTrends survey.

Consoles, once thought inappropriate to contemporary tastes, are also clearly growing as a consumer choice. In the latest MarkeTrends poll 48.8% report they expect to buy a console receiver. This compares to the 32.1% in the November poll and 24.5% who said they wanted a console in the February 1985 survey.

The true advent of stereo television broadcasting could be pushing the market for console sets with larger speakers. It may also be driving up consumer price expectations. In the April study, 12.2% of prospective TV buyers report they expect to pay more than $900 for their new set.

On the average, consumers in the MarkeTrends poll say they expect to pay a median $400, up from the average $300 they spent on a set last year. □

What do you expect to pay for a television?

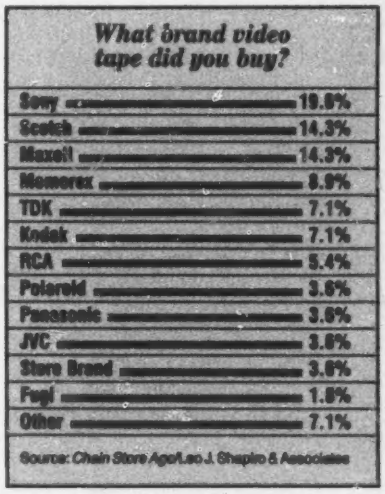


Source: *Chain Store Age*/Leo J. Shapiro & Associates

Kodak's turn to beat Polaroid

It took a court order for Polaroid to knock Kodak out of instant photography, but Kodak may yet have its revenge in a more profitable category—blank video tape. According to MarkeTrends research, Kodak is carving out a respectable share of the blank video cassette market, while Polaroid is still stuck with the also-rans.

In the most recent survey, 7.1% of households which have bought blank tape within the last year report that they bought Kodak. Polaroid records a 3.6% share of households. Kodak has been maintaining its lead over Polaroid since July 1985 when it made its first appearance on the MarkeTrends survey.



Over half of the households interviewed, however, are buying only four brands. Sony heads the list with 19.6%, followed by Scotch (14.3%), Maxell (14.3%) and Memorex (8.9%).

Yet brand loyalty continues to fade. When asked why they choose a particular store in buying blank video tape, nearly 3 out of 4 of the survey's respondents cite price and location as their prime determinants.

Discount stores are cashing in on blank tape's trend into a commodity item. In the current MarkeTrends poll, exactly one-third of those who have bought tape in the last year say they bought at a discount outlet.

On the average, consumers in the poll report paying six dollars for their last blank video cassette. □

Misleading the customer

Sleight of hand is the magician's oldest trick, and it never ceases to entertain. But when an industry plays verbal sleight of hand with the sole intention of misleading its customers, it is neither entertaining nor, in the long run, productive.

The consumer electronics industry is practicing verbal games with so many of its products that it is in danger of losing credibility with its customers.

The whole industry is not at fault, but enough bad apples are out there to spoil the consumer's perception of the entire industry. There are certainly many examples, but here are some of the worst.

Consider the stereo compatible television. To the average customer this might reasonably be expected to be a television which is compatible with the broadcast stereo signal—in short, a stereo television.

Of course, it is not. Drawn in by an advertisement, the customer learns that it is actually a monaural television which, by purchasing a decoder at an additional price, he may convert into a stereo television.

Consider also the stereo video cassette recorder which has neither built-in MTS nor hi-fi sound. It may be fine to promote on ad, but will it sound like the product the customer thought he was getting when he walked into the store?

How about the 100-watt stereo rack system which (in very fine print) reveals itself to deliver 50-watts per channel, and thus through a perverse mathematics is called a 100-watt system?

Also worthy of mention in this rogue's gallery of misinformation is the push button pulse telephone, which, while serving a genuine function in areas without tone service, is often advertised as a true tone dialer.

Why has the industry stooped so low? The answer lies in the intense price competition which has typified home electronics retailing in recent years. In the current environment, many have come to believe that discounting is the only way to sell electronics, and some will go to any length to promote their own low price image.

At best, this is short sighted. At worst, it sometimes approaches fraud. Its defenders cite the necessary evil as their defense. There is, however, another answer.

A year ago, The Federated Group's chairman, Wilfred Schwartz called on the industry to adopt every day low pricing. In the year that has passed, the only major retailer to heed Schwartz's call has been Dayton Hudson's Target discount division. Target should be commended.

Merchandise at every day low prices at Target is not marked down again for sales other than clearances. The policy builds price credibility among customers and helps Target avoid the questionable promotional practices some retailers have fallen prey to.

In addition, the switch to every day low prices has, according to Target sources, increased both sales volume and margins. It has also eliminated some of the spikes in sales volume, making it easier for both buyers and their sources to anticipate demand.

With a success story like Target's, it is difficult to understand why more retailers have not followed its lead. Yet as long as more do not, Target and other enlightened retailers will grab a greater share of customer's dollars. They deserve it.

—Rick Gallagher

A FIVE YEAR STUDY OF HOUSEWARES

VITALITY

Sales and margins at discount and dept. stores have not kept pace with overall store performance. But discounters have grabbed share and guarded profits.

Each year, consumers spend more dollars on housewares, but all those bowls and mixers do not always whip up benefits for retailers. Merchandisers sometimes have to wait years for a "must-have" electric item to come along. When it finally arrives, margins can be as sharp as the razors that shoppers are slow to replace with electric shavers.

In the case of nonelectrics, margins are better, but turnover can be a problem. Thermal servers and microwave bakeware are finally warming up sales after years in which only SilverStone sizzled.

One persistent problem springs from distribution channels. Maybe there is no place like home, but items to equip it are everyplace. A *CSA* marketshare study for 1984 shows retailers defined as "other" selling more housewares than Sears, Penney, Ward and all department stores combined. That is true not only for electrics, as might be expected, but for nonelectrics as well. "Other" comprises drug stores, supermarkets, mail order, flea markets, etc.

Meanwhile, vendor glut puts the promotional screws on electrics. The consumer, armed with rebate coupons and ad circulars, has come to expect a hair dryer for $1.

Despite the problems, a *CSA* examination of the category's productivity through the first half of the 1980's indicates that discounters are churning a lot of work out of kitchen tools. Though margins for electrics remained narrow, discount stores managed to lift them from abysmal levels. Meanwhile, turns for nonelectrics improved.

Department stores, on the other hand, made some messes with housewares. All the SilverStone in the world cannot seem to prevent nonelectrics from sticking to department store shelves. Margins on these items stayed healthy, but turnover in the period was anemic.

***Discounters avoided** serious margin erosion on electrics.*

Productivity Breakdown

	Department Stores		Discount Stores	
	1980	1984	1980	1984
Nonelectric Housewares				
Sales per square foot	$87	$73	$109*	$110
Annual turnover	2.1	1.8	2.53	3.01
Gross margin	42%	39%	32%	31%
% of total store sales	1.4%	1.6%	6.3%	4.7%
Electric Housewares				
Sales per square foot	$193	$207	$109*	$112
Annual turnover	3.0	2.8	3.0	3.4
Gross margin	25%	21%	18%	23%
% of total store sales	0.9%	1.2%	2.7%	2.3%
Total Store				
Sales per square foot	$113	$160	$97	$157
Annual turnover	3.3	3.0	3.4	3.5
Gross margins	41%	38%	30%	29%

*Figure includes both electrics and nonelectrics; breakdown unavailable
Sources: National Retail Merchants Association, National Mass Retailing Institute and *Chain Store Age* research

Electrics earned their shelf space in department stores, cooking up big dollars per square foot. But by the end of the five years analyzed, department store margins on these items had slipped below discount-store levels.

Marketshare shifts that occurred within these years left discounters ruling the roost. From 1981 to 1984, discounters grabbed share from every other type of retailer.

In electrics, that meant leveraging a slim lead into a clear win. Discount stores controlled 24% of the market in 1981. With 18%, catalog showrooms were breathing down the discounters' necks. Just a few paces behind with a 16% share each were department stores, the Big 3, and "others."

Three years later, the landscape had changed. Discount stores had 35% of the pie. The "other" category had surged up to second place with 22%, but the rest of the contenders were panting far behind. Catalog showrooms stumbled to 12%, the Sears, Penney, Ward group gained one mere percentage point, and department stores fell back to 10%.

Discounter gains were even more dramatic in nonelectrics. At the start of the period measured, "others" led the market with 30% of the business. With only 17%, discount stores were a distant second, followed four points behind by department stores.

In 1984, the discounters had taken a bite out of every competitor to spring ahead to 38%. The only heavy losers were "others" with a seven-point surrender, and variety stores, giving up six points to dwindle down to a barely visible 2%. Otherwise, the discount stores took a nibble here and there, a diet that led to dominance.

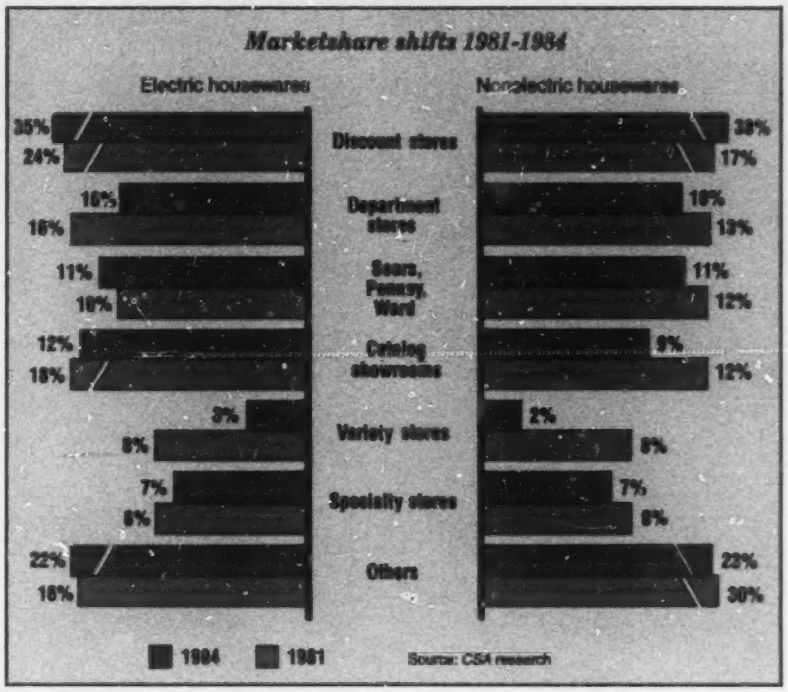
While losing housewares marketshare in the early 1980's, department stores also let the harness slip on the category's power.

During the five-year period, housewares sold in department stores saw modest gains in sales per square foot. For nonelectrics, the figure crept from $67 in 1980 to $73 in 1984. Meanwhile, electrics were nudged from $193 to $207.

Percentagewise, that was only a small gain for electrics. However, at both ends of the time span, electric housewares were charged up with dollar-volume. Sales per square foot *total* store was $113 in 1980. In comparison, electrics whirred up $193.

But while this indicator stayed fairly stable for both types of housewares, the department store as a whole moved ahead. Electrics maintained their sales-per-square-foot lead, but it narrowed. By 1984, the score was Electrics $207, Store $160.

Nonelectrics, in the meantime, stayed far behind the store in this respect. In fact, their performance eroded over the period. At the end, nonelectrics were yielding sales per square foot that were less than half the store average.



In department stores, gross margins for nonelectrics kept abreast with the figure for the entire selling floor. Over the half decade, margins slipped just slightly for the nonplug-in housewares and for the total store. For both, they hovered around 40% throughout the timeframe.

Electrics were far less profitable. Their margins started out slim and were honed significantly. In 1984 they were 21%, precariously narrow for a department store.

On the brighter side, electrics turned almost as fast as the store average. Turnover for total store inventory slowed just a few decimal points in the early 80's, and electrics followed that pattern. In 1980 they were at 3.0 compared to the store's 3.3; four years later electrics turned 2.8 times, reflecting the slight store slowdown to 3.0.

Nonelectrics lacked electric's spark. They began the period with a sluggish 2.1 turnover rate, braking to 1.8 by the end.

Discount store housewares failed to keep pace with galloping sales per square foot in the total store. An electric/nonelectric breakdown of this indicator is not available for 1980. Grouped together, housewares began the period with a dollar-volume bang. They raked in $109 per square foot compared to the store's $97.

But by 1984 the average for the discount store selling floor was outperforming housewares. The overall store leaped to $157 per square foot leaving housewares' $110 in the shade.

Margins for electrics improved greatly in the first half of the 80's. While they never caught up with the total store's 29% for 1984, electrics' 23% made a respectable showing that year. At a time when margin erosion was rampant elsewhere, discount stores managed somehow to buck the trend.

Discount store nonelectrics entered the decade with above-average margins of 32% and had lost only one point four years later.

Moreover, nonelectrics managed to shake off the turnover doldrums. In 1980 they were gathering dust, turning only 2.53 times annually despite the discount environment. But they geared up to 3.0 in 1984, matching the rate for the entire store.

Electrics turned well at both endpoints of the term, lagging just a decimal point or two behind the total discount store's turns.

Discounters, it seems, were not content simply to snatch more housewares marketshare. Once the products were in the store, they had to start humming and stirring. □

Consumers give conflicting signals

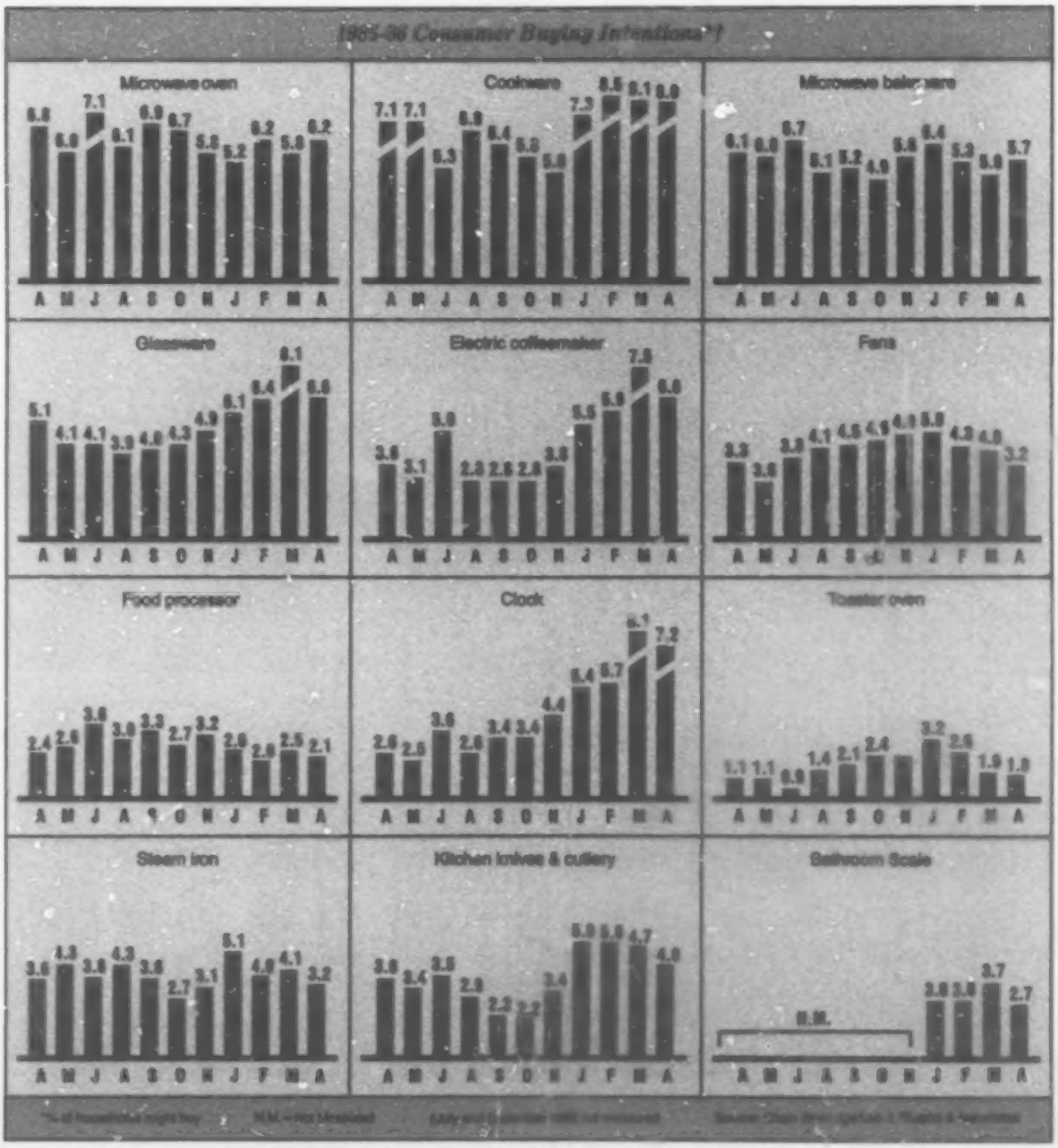
Consumers are transmitting conflicting signals of their interest in housewares products, according to this month's *Chain Store Age* MarkeTrends survey.

Though intention to buy dropped for 10 of 12 items on a month to month basis, a more even handed analysis of prospects may be available when comparing the year to year buying potential. Six products posted increases over a year ago: cookware, glassware, electric coffeemakers, clocks, toaster ovens and cutlery.

Microwave ovens, microwave bakeware, fans, food processors, and steam irons came in lower year to year. Bathroom scales were not studied a year ago, but they have dropped below the high water mark of January and February.

A further sign that all is not despair in the housewares area is that the per cent of "active" shoppers for each product, that is, shoppers who have initiated some activity in pursuit of a product, increased year to year for all items except microwave ovens and food processors.

Glassware and cutlery seem poised for growth as their active shopper percentages more than doubled from a year ago. □



$44 hot price in toaster ovens

Thirty-eight per cent of consumers paid between $36 and $50 for toaster ovens.

At which store was your last toaster oven bought?				
	June '85	Nov. '85	April '86	Might buy April '86
K mart	7.3%	10.9%	9.8%	8.6%
Others discounters	28.2	22.7	19.2	22.9
Sears	3.2	8.2	3.8	8.6
Penney	—	3.6	1.9	2.9
Ward	2.4	7.3	—	—
Department store	11.3	18.2	19.2	14.3
Catalog showroom	14.5	12.7	21.2	14.3
Drug store	1.6	0.9	1.9	—

Source: Chain Store Age/Leo J. Shapiro & Associates

Consumers have a pretty good idea of how much bread they will have to spend for a toaster oven. The median price they say they will pay has remained within the $40-$46 range for the last three MarkeTrends surveys. And, when it finally has come to making a purchase, consumers have spent a median $44.

The preponderance of responses falls within the $36-$50 range, with 38% of those purchasing toaster ovens spending that amount. Another 13% spent between $51-$99.

Price is very important to the toaster oven purchaser. While price/discount is mentioned by 40% of those intending to buy a toaster oven as the reason they would patronize a particular store, more than half (53.3%) of the survey's respondents who actually bought a toaster oven cited price/discount as the deciding factor.

Selection slipped in importance, though convenient location increased when intentions turned to actions. Selection received mentions from just 2.2% of the purchasers (down from 17.1% of the planners), while location jumped to 11.1% from 5.7%.

Despite being a price sensitive item, toaster oven sales showed good flow through at department stores. Nearly one in five sold at department stores, just 2% fewer than at catalog showrooms. In the last year both formats picked up market share. □

Prices keep fan sales spinning

Nearly 1 out of 7 households bought a fan during the last year, a pattern that should repeat itself in the coming 12 months, according to MarkeTrends research. Shoppers appear to be five times as interested in ceiling fans as in table fans, but when it came time to purchase, the interest leveled off into equal buying of both types of fans. They controlled 80% of the market.

Discount stores continued to dominate the field, as well they should since 53.8% of those who bought a fan said that price/discount was the No. 1 reason for selecting a store. Overall, discounters had a 38.8% market share, up from 26.1% in June 1985. K mart, alone, boosted its share to 17.4% from 11.2%.

Department stores suffered a 5% erosion to 2.6%, while specialty stores increased by 7% to 10.3%.

The selling of fans almost has become a commodity business, driven by price alone. It appears that price promoting retailers are to blame as consumers intending to buy fans expect to pay a median $60, compared to the median $40 paid by those who actually purchased a fan.

Moreover, only 25% of those considering a purchase cited price/discount as their motivation in selecting a store. In doubling the importance of price/discount, actual purchasers reduced their emphasis on selection, quality, past satisfaction and location.

General Electric copped 20% of the brand mentions, followed by Casablanca and Hunter, each with 10%, Panasonic and store brand, 7% each, and 2% apiece for Galaxy, Edison and Emerson. □

How much would/did you pay for a fan?		
	Might buy	Bought
$15 and under	—	4.8%
$16-$20	11.1%	11.5
$21-$25	—	11.5
$26-$30	5.6	8.7
$31-$35	—	1.6
$36-$50	13.9	14.4
$51-$99	22.2	11.5
$100-$124	8.3	7.7
$125-$149	2.8	2.9
$150-$199	—	1.9
$200-$299	11.1	1.9
$300 and above	2.8	3.9
Not answering	22.2	18.3
Median	$60	$40

Source: Chain Store Age/Leo J. Shapiro & Associates

Microwave bakeware lures by locale

Consumers are buying microwave bakeware to the tune of some $500 million a year. But their song contains a one word refrain . . . "location, location, location."

When contemplating a purchase and when making one, slightly more than 16% of all consumers consider a store's location of paramount importance in choosing a retail outlet.

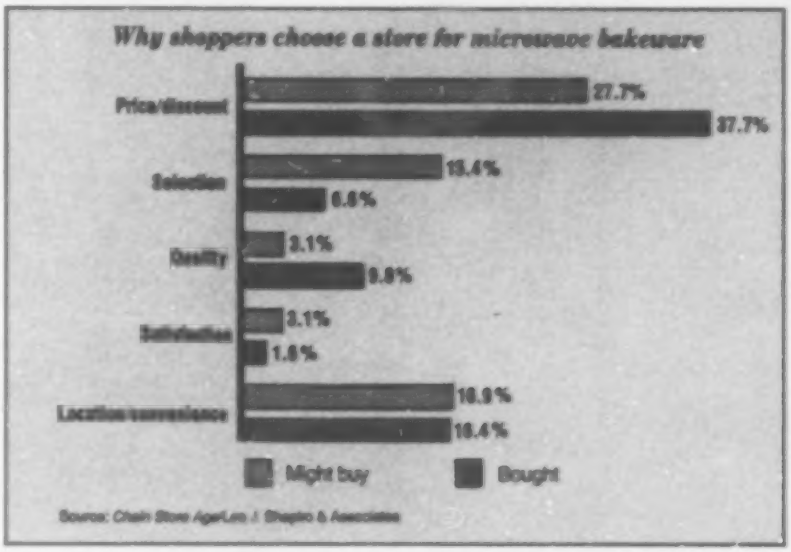
To arrive at that feeling, consumers have been traveling a circuitous route. During the last year of MarkeTrends research, consumers have expressed wide fluctuations in store purchase patterns.

Last June, 9.6% said they purchased microwave bakeware in K mart. That number slumped to 2.4% last November. It picked up slightly to 6.9% in the latest poll. Other discounters showed a November lag, too, dropping to 11.5% from 19.2%, but they rebounded to 19.5%.

Sears finished higher for the year, 12.6% vs. 10.6% in April, though its November score peaked at 20.6%. Department stores steadily declined from 14.4% to 8%. J. C. Penney and Montgomery Ward remained virtually flat, each with about 5% of the market.

Microwave bakeware appears to be appealing to a more upscale customer compared to a year ago as 5% more households headed by white-collar workers favor the products.

The Northeast has increased acceptance of microwave cooking. Compared to a year ago, 45% more New Englanders and 63% more residents of Mid-Atlantic states bought microwave cookware. □



Eldon Office Products introduces the newest in all-purpose desk-top organizers for office, home, workshop, studio or hobby room. Avail-

able in three popular colors—Ebony, Smoke and Putty—the Pencil Palace's radius design coordinates with Image 1500 desk accessories as well as more conventional designs. The suggested list price of the Pencil Palace is $4.98. *(Eldon Office Products, Dept. SP, 1130 E. 230th St., Carson, Calif. 90745.)*

Clairol introduces PAZAZZ styling mousses and gels with a touch of color that washes out in one shampoo. PAZAZZ contains tiny

reflective color crystals that give hair a touch of shimmering color. PAZAZZ is available in gold, bronze, copper and rose. *(Clairol Inc., Stamford, Conn. 06902.)*

New Home introduces a new line of "Super Bright" craft threads. Packaged in a handsome counter display, the new craft thread line consists of eight fluores-

cent colors, four rainbow colors, and can be used with any sewing machine sold in this country. The super bright threads are colorfast (won't fade) and completely machine washable. *(The New Home Sewing Machine Company, 171 Commerce Road, Carlstadt, N.J. 07072.)*

Are Jan. white sales a lifesaver?

A quirk in sampling procedure or a market dangerously flirting with disaster? That's the question raised by this month's *Chain Store Age* MarkeTrends data gathered in early to mid January, before the full impact of that month's white sales could be measured.

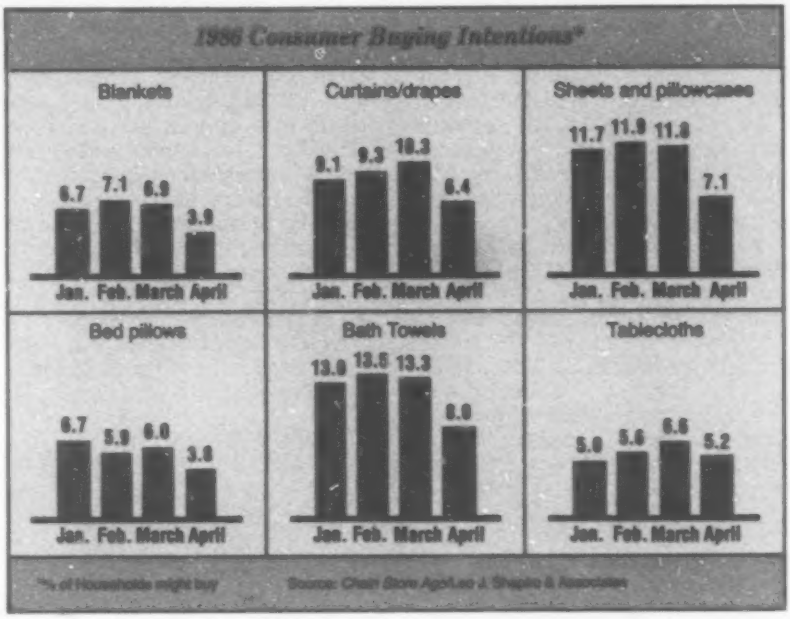
What is known is that each category tracked by MarkeTrends declined from the month earlier survey. Some, like blankets and towels, showed extreme decreases in the "might buy" phase of the survey.

The percentage of households reporting a purchase in the past year for the six products also slipped dramatically.

George Rosenbaum, president of Leo J. Shapiro & Associates, the market research firm, suggests that the survey results could show the dependence consumers place on January white sales.

When asked about last year's purchases, consumers found the timing too distant to remember January 1985. And this year's white sales had not yet prompted enough sell through to register, nor had advertising stimulated intent to buy, opined Rosenbaum.

Rosenbaum's theory is far more palatable than the alternative which forecasts a downturn in sales. Next month's results should provide clues as to which theory is more appropriate. □



Sheets: Dept. stores No. 1

How much would/did you pay for sheets/pillowcases?		
	Might buy	Bought
Under $10	7.0%	6.7%
$11-$15	9.1	6.0
$16-$20	14.0	13.3
$21-$25	5.6	8.0
$26-$30	8.4	10.0
$31-$35	1.4	0.7
$36-$99	4.9	8.7
$51-$99	2.8	10.0
$100-$124	3.5	3.3
Not answering	43.4	33.3
Median	$20	$25

Source: Chain Store Age/Leo J. Shapiro & Associates

The emphasis of department stores on 200 count high end sheet and pillow case assortments and collections from the likes of Ralph Lauren and Laura Ashley appear to be paying off, according to *Chain Store Age* MarkeTrends. Consumers have indicated a sharper willingness to buy at department stores and to pay higher prices than planned.

When asked how much they expected to pay for sheets and pillowcases, consumers said a median price of $20. When they actually bought, however, the median price they said they paid was $25.

A closer examination of the number shows that while 28% expected to pay between $16-$30, and another 7.7% anticipated a $36-$99 price tag, reality proved to be more expensive. Nearly one in three (31.3%) reported spending $16-$30, with another 18.7% spending $36-$99.

They did so more often at department stores than originally planned. The department store gains came mainly at the expense of Sears. Penney, on the other hand, increased its might percentage from 7.7 to an actual purchase incidence of 10.6%. Discount stores remained fairly stable at about a one in five customer preference.

This is not to suggest that the sheet and pillowcase customer has become a full margin shopper. The constant promotions at department stores hardly would allow that to happen. Moreover, one-half of all consumers said they chose a store because of price/discount, up from 30% who planned a purchase. But it does suggest that in running their promotions department stores have been able to trade customers up in brand selection.

Wamsutta, leader in department store merchandise mixes, is not mentioned by any household polled contemplating a purchase. But among those who did buy, Wamsutta garnered a 4.4% share. Fieldcrest, too, increased its share, from 2.4% might buy to 4.4% bought.

Cannon is the overwhelming leader in pre- and post-purchase preference, with 26.8% and 30.9% respective shares. Sears dropped from 14.6% planned purchases to 7.4% actual, while J. C. Penney checked out with a fairly constant consumer rating, 12.1% planned and 13.2% actual. □

Curtain sales shift to Big 3

The Sears, Penney, Ward group are seeing better sales in curtains/drapes.

The curtain and drapery business appears to be shifting toward an even greater concentration in the hands of Sears, J.C. Penney and Montgomery Ward, according to *Chain Store Age* MarkeTrends data.

In three months time, consumers have increased the Big 3's market share by nearly 4%, from 36.8% to 40.5%. The strength of the large chains is especially evident when one realizes that in most categories tracked by MarkeTrends, interest to buy at Sears, Penney, Ward usually exceeds actual purchases. For curtains/draperies, the opposite proved true. They improved on a 28% projected household penetration predicted in January.

Consumers have traded down slightly. In the January results, they spent a median $75. In April the median price slipped to $70, with the largest base of customers, 24.5%, saying they spent $36-$99. The lower payout may explain a shift in market share for department and specialty stores. Six per cent fewer shoppers patronized them in April than in January.

Interestingly, price/discount as the major consideration why purchasers picked a store declined by 5% to 38.4% in the three month period. That could explain why K mart suffered a similar 5% erosion of market share to 5.4%.

Big 3 hang up more sales

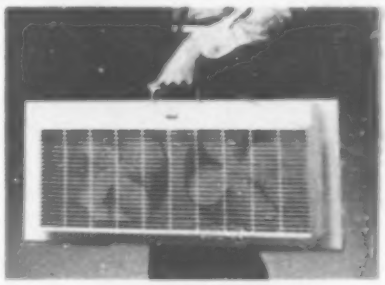
	Jan. '86	April '86
K mart	10.5%	5.4%
Other discounters	10.5	9.9
Sears	13.7	14.4
Ward	4.2	6.1
Penney	10.9	10.0
Department stores	15.8	12.6
Specialty stores	11.6	9.0

Source: *Chain Store Age*/Leo Shapiro & Associates

Paper Mate introduces the new Metal Roller Pen. This is a smooth 0.3mm fine line writing roller pen with a metal point. Available in the most popular ink colors, the Metal Roller cap clip and barrel imprint will be color coded to identify the ink color. The pen will be available in carded open stock, or a convenient counter display containing three dozen Metal Rollers. *(The Gillette Company, Paper Mate Division, Prudential Tower Building, Boston, Mass. 02199.)*

Teddy Tagums, a child identification tag in the form of a happy blue plastic bear, is being introduced by Playline. This comforting tag is affixed to the front or back of a child's shirt or jacket with a large diaper pin that comes attached to the new product. Teddy Tagums is nontoxic, waterproof, and shatter-resistant, with a suggested retail price of $2.50. *(Playline Inc., 550 Frontage Road, Suite 3035, Northfield, Ill. 60093.)*

A portable slim line window fan is available from the W. B. Marvin Company. The Marvin 2000 features twin 8-in. fans that provide whisper quiet air delivery with two speeds, adjustable from either side of fan. The high impact safety grill guards fingers of youngsters. The fan fits sash windows 24 in. to 35½ in. wide, and also adapts to slider



type windows. *(W. B. Marvin Manufacturing Company, Urbana, Ohio 43078.)*

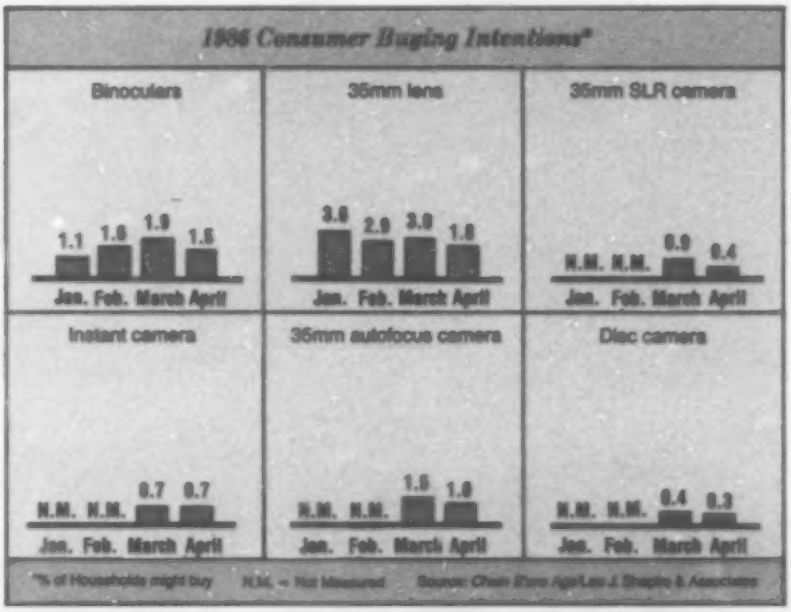
Bush Industries offers two new video carts at highly affordable prices. With a suggested retail price of $69.95, Model V309 TV/VCR cart features radiused front rails which gently soften its contours. Its top can accommodate most 26-in. monitor/receivers or 19-in. televisions. Below this is ample room for a VCR and some videocassette tapes. The cart's doors are enhanced by attractive brass door pulls. *(Bush Industries Inc., 1 Mason Drive, Box 460, Jamestown, N.Y. 14702.)*

Are cameras losing their flash?

Overall camera buying intentions for the next 12 months appear to be flat compared to actual purchases during the past year. Of the nearly 7,000 households surveyed by *Chain Store Age* MarkeTrends, just 3.4% said they intended to buy a camera of any type.

Since intentions to buy generally reflect one-half of the actual purchase incidence, that translates into a 6.8% purchase pattern, just slightly ahead of the 6.5% of all households surveyed who said they bought a camera in the last year. (Data about past purchases comes from a separate survey of 5,600 households.)

Within that flat market, some hills and valleys emerge. Disc cameras are a deep valley, with only 0.3% of all households expressing an interest compared to the 1.6% who bought a disc camera last year.



Research indicates that price is more important than the camera type.

Intentions to buy instant cameras and 35mm SLRs are at a level estimated to produce flat results with purchases of the last year.

Binoculars and 35mm lenses produced buying intentions percentages almost equal to last year's sales, an indication that business should be quite strong in those categories.

One of the biggest peaks belongs to 35mm autofocus cameras. Intentions to buy are running at about 70% of actual purchases of the last year, a good sign.

Comparing intentions to buy with actual purchases reveals a consumer with a split personality. When thinking about a 35mm autofocus camera, consumers lean more toward price-oriented stores such as discount stores. When actually buying, they do not follow through with their support of discount stores. They frequented them just 11% of the time compared to a 16% intent to shop discount stores.

Instead, they increased their patronage of department stores, drug stores, J. C. Penney and Montgomery Ward.

Nevertheless, consumers still said price and discounts were the driving forces behind their selection of a given store in which to purchase a 35mm autofocus camera. Responding to the promotional atmosphere of the last year, 50% of consumers who bought cameras rated price/discount as their motivating reason, compared to 43% of those who intended to buy.

Selection, which was important to 13% of those considering a purchase, was important to just 7% of those who bought. The consumer seems to be saying that the right price, not necessarily the choice of camera, is most important.

That's understandable given the fact that consumers say they expect to pay a median price of $200 for a 35mm autofocus camera but wound up paying a median price of $150.

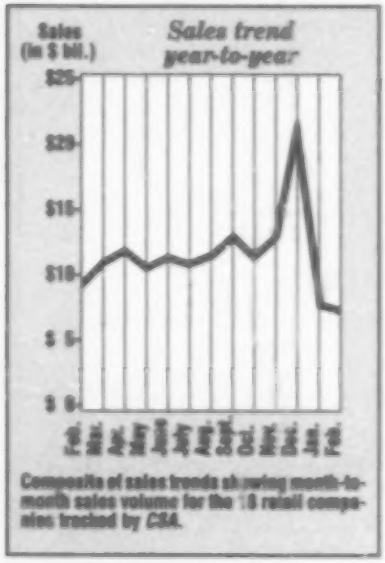
Though many consumers are presold as to the brand they would buy, there is still substantial room for good marketers to affect their final choices. While 57% of those intending to buy an autofocus camera said they wanted a Canon, only 34% who bought a camera actually picked that brand. Instead, they upped their selections of Minolta (26%), Nikon (16%), Ricoh (5%), Pentex (5%), Vivitar (3.2%) and Olympus (3.2%). □

February sales up a meager 7.1%

February sales took off at a snail's pace, but managed to gain at least some momentum as the month moved on. The 18 retail companies tracked by *Chain Store Age* recorded sales up a leisurely 7.1% for the month.

Considering the battering California retailers took from the month's torrential rains and the economic uncertainty caused by falling oil prices in the Oil Belt, even that increase may have been a significant accomplishment.

"Results for the month were generally satisfactory, considering the severe weather conditions which our stores faced in California," said Carter Hawley Hale chairman/ceo Philip M. Hawley. CHH department stores recorded a 2.1% drop in same-store results, which were offset by a 5.8% gain in the specialty store division.



Composite of sales trends showing month-to-month sales volume for the 18 retail companies tracked by *CSA*.

Among the Big 3 mass merchants, only J. C. Penney posted gains for the month, with U.S. stores and catalog operations showing a 7.4% February increase. Comparable store results also gained 6.6% over the previous year.

Sears reported sales for the Merchandise Group down 2% from last year, but U.S. operations took a slightly larger dip, dropping 2.8%. Montgomery Ward volume dropped a hefty 6%.

Year off to slow start

Major chains	% change	February Sales* 1986	February Sales* 1985	Stores 1986	Stores 1985	1-mo. sales* 1986	1-mo. sales* 1985	% change
Sears[1,2]	– 2.8	1,570,485	1,615,639	800	797	1,570,485	1,615,639	– 2.8
Penney[2]	+ 7.4	741,000	690,000	1,911	2,012	741,000	690,000	+ 7.4
Ward[1,3]	– 6.0	241,300	256,700	293	314	241,330	256,700	– 6.0
Dayton Hudson	+ 14.2	542,200	474,600	1,207	1,143	542,200	474,600	+ 14.2
Federated[4]	+ 4.2	512,000	491,600	609	463	512,000	491,600	+ 4.2
May Dept. Stores	+ 9.8	309,900	282,200	1,979	1,875	309,900	282,200	+ 9.8
R. H. Macy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Associated Dry Goods	+ 4.2	256,400	246,000	347	334	256,400	246,000	+ 4.2
Allied Stores	+ 5.1	264,900	251,900	563	596	264,900	251,900	+ 5.1
Carter Hawley Hale	+ 3.2	253,200	245,400	302	268	253,200	245,400	+ 3.2
Marcantile	+ 7.9	105,829	98,107	80	79	105,829	98,107	+ 7.9
K mart[5]	+ 0.7	1,266,100	1,257,200	2,180	2,173	1,266,100	1,257,200	+ 9.7
Wal-Mart	+ 42.0	616,000	435,000	862	751	616,000	435,000	+ 42.0
Zayre	+ 41.0	260,200	184,200	586	862	260,200	184,200	+ 41.0
Bradlees	+ 29.0	98,000	76,000	157	132	98,000	76,000	+ 29.0
Tandy	+ 13.8	240,022	210,960	N/A	N/A	240,022	210,960	+ 13.8
Circuit City	+ 46.1	50,400	34,500	93	69	50,400	34,500	+ 46.1
Federated Group	+ 40.5	28,100	20,000	59	43	28,100	20,000	+ 40.5
Totals & Averages	+ 7.1	7,356,036	6,870,006	—	—	7,356,036	6,870,006	+ 7.1

*000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Domestic operations only. [3]Continuing operations only. [4]Excludes supermarket sales. [5]Store number for K mart stores only.

For retail operations still rapidly expanding, the month's sales volume looked considerably brighter. Wal-Mart posted a 42% gain, while Zayre followed closely with a 41% hike. Braintree, Mass.-based Bradlees, operating an additional 25 stores this year, recorded volume up 29%.

For the nation's second largest retailer, the month was less optimistic. Though revenue for K mart stores dropped, specialty store operations lifted corporate volume a meager 0.7%. February marked the third month in a row for which K mart stores posted a sales drop.

K mart stores in the Midwest farm belt were particularly hard hit, but lackluster U.S. sales were partially offset by a 22%-24% sales gain for Canadian operations. Comparable store results in Canada were up 7%-9% from last year.

Dayton Hudson was one of the few retailers whose results for the month matched expectations. Sales increased 14.2% overall, with same-store figures rising 8.8%. Target had a 12% overall gain and a 7% advance in same stores. The department store group posted a 9% total gain and an 8% increase in comparable stores.

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